

Message Text

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TAGS: BGEN EIND ETRD KE

SUBJ: INVESTMENT OPPORTUNITY: COMMERCIAL VEHICLE ASSEMBLY
PLANTS FOR KENYA

1. SUMMARY: GOK HAS CALLED FOR PROPOSALS FROM MANUFACTURERS OF COMMERCIAL VEHICLES FOR UP TO THREE VEHICLE ASSEMBLY PLANTS TO BE ESTABLISHED IN KENYA. WOULD ASSEMBLE LIGHT, MEDIUM, AND HEAVY VEHICLES WITH MINIMUM CAPACITY OF 1500 VEHICLES PER YEAR. MANUFACTURERS MAKING SUCCESSFUL PROPOSALS WILL BE ONLY IMPORTERS OF ASSEMBLY KITS, IMPORTATION OF ASSEMBLED VEHICLES WILL NOT BE ALLOWED. DEADLINE FOR PROPOSALS IS DECEMBER 31, 1973. END SUMMARY

2. GOK INTENDS TO PROMOTE ESTABLISHMENT OF UP TO THREE PLANTS FOR ASSEMBLY OF COMMERCIAL VEHICLES. ALL CHASSIS TYPE COMMERCIAL VEHICLES WILL ONLY BE IMPORTED IN UNASSEMBLED FORM FROM DATE OF OPENING OF PROPOSED PLANTS AND IMPORT MAY BE RESTRICTED AS SOON AS SUCCESSFUL PROPOSALS ARE SELECTED.

3. WHILE PREPARED TO CONSIDER ANY RELEVANT PROPOSALS, GOK ENVISAGES THAT:

A. THREE SEPARATE AND COMPETITIVE ASSEMBLY PLANTS WILL BE ESTABLISHED:

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1. BY A MANUFACTURER TO ASSEMBLE LIGHT, MEDIUM,

AND HEAVY COMMERCIAL VEHICLES.

2. BY A MANUFACTURER TO ASSEMBLE LIGHT, MEDIUM,
AND HEAVY COMMERCIAL VEHICLES, I.E., SAME AS
ABOVE.

3. BY A CONSORTIUM OF LOCAL DISTRIBUTORS TO
ASSEMBLE OTHER MAKES OF COMMERCIAL VEHICLES
NOT ASSEMBLED IN OTHER TWO PLANTS.

B. EACH PLANT SHOULD HAVE CAPACITY TO ASSEMBLY MINIMUM
1500 VEHICLES PER YEAR.

C. NUMBER OF VEHICLE TYPES SHOULD BE LIMITED TO THREE
MAIN LOAD CARRYING CAPACITIES IN MEDIUM AND HEAVY
RANGE, 4 TONS, 7 TONS, AND 12 TONS.

D. GOK WOULD BE MINORITY SHAREHOLDER IN EACH PLANT

E. DEVELOPMENT OF LOCAL MANUFACTURING OF COMPONENTS
SHOULD BE GIVEN HIGH PRIORITY.

F. IN DUE COURSE THE PROPOSED ASSEMBLY PLANTS WILL
BE ONLY IMPORTERS AND ASSEMBLERS OF UNASSEMBLED
COMMERCIAL VEHICLES, ASSEMBLED COMMERCIAL VEHICLES
WILL NOT BE IMPORTED.

4. IN ASSESSING PROPOSALS AND MAKING DECISION GOK WILL
CONSIDER:

A. RANGE OF VEHICLES TO BE SUPPLIED BY THE PLANT.

B. CAPITAL, OPERATING AND UNIT COSTS OF THE PLANT.

C. PROPOSED PRICE FOR EACH TYPE OF VEHICLE SHOWING

C.I.F. PRICE OF UNASSEMBLED KIT, LOCAL COSTS OF
COMPONENTS, LABOR, SERVICES, ETC., TOGETHER WITH
COMPARATIVE DATA FOR THE IMPORTED ASSEMBLED VEHICLE.

D. EXPERIENCE IN SUCCESSFULLY ORGANIZING SIMILAR PLANTS
IN OTHER LDCS AND ABILITY TO PROVIDE COMPETENT
MANAGEMENT.

E. PROSPECTS FOR EXPORTS FROM KENYA.

F. PROPOSED COMPANY STRUCTURE AND FINANCING.

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5. PROPOSALS MUST BE SUBMITTED TO GOK (MINISTRY OF COMMERCE
AND INDUSTRY) BY DECEMBER 31, 1973, AFTER WHICH DATE
GOK MAY LIMIT IMPORT OF ASSEMBLED CHASSIS TYPE VEHICLES.

6. EMBASSY UNDERSTANDS GENERAL MOTORS AND FORD WILL MAKE
PROPOSALS AND MACK TRUCK INVESTIGATING POSSIBILITY OF
OF SAME. AS INFORMATION ON PROJECT WAS ONLY SENT
BY GOK TO COMPANIES IT KNEW TO BE INTERESTED, OTHER

U.S. COMPANIES BESIDES THREE NAMED ABOVE SHOULD BE
NOTIFIED.

7. DATA ON SIZE KENYAN MARKET FOR COMMERCIAL VEHICLES
AVAILABLE AT COMMERCE DEPARTMENT.
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